



# Shared-Work Program

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**Employers can reduce payroll costs while keeping skilled workers**

**Employees receive a paycheck and partial unemployment benefits – and retain most fringe benefits**

The Shared-Work Program was created by the state legislature in 1983 to provide businesses greater flexibility in retaining employees at reduced hours rather than completely laying them off. An employer can temporarily reduce employees' hours 10 to 50 percent, and qualified workers may receive partial unemployment benefits to replace a portion of their lost wages.

The program is offered statewide by the Employment Security Department. Interested employers can learn more about the program online at [www.esd.wa.gov/shared-work](http://www.esd.wa.gov/shared-work), by calling 800-752-2500 or by e-mailing [sharedwork@esd.wa.gov](mailto:sharedwork@esd.wa.gov).

## Eligibility

### *Employers*

Public- and private-sector employers are eligible to participate, from large corporations to those with only two employees. A shared-work plan can involve as few as two employees or up to all eligible employees at a company.

A participating employee's hours can be reduced by no more than 50 percent. Most fringe benefits (health, retirement, paid vacation, holiday pay and sick leave) must be maintained if offered before a shared-work plan is established; they may be reduced only if the same conditions exist for other employees who are not participating in Shared Work. A shared-work plan can last up to 12 months. If a plan expires, the company can reapply for another year.

An industry or business that usually lays off workers during specific times of the year may not use Shared Work during those months, but may use the program during its normal operating season.

### *Employees*

Only permanent workers who would be eligible to receive regular unemployment-insurance benefits in Washington state are eligible for the program. The program will not subsidize seasonal employers or employees paid on any basis other than hourly wages. Workers can receive Shared-Work benefits throughout an entire benefit year.

## How the program works

Employees work a reduced work week, but potentially are eligible to receive a proportional unemployment benefit. For example, if an employee usually works 40 hours a week and is reduced by 20 percent (or eight hours), he could receive 20 percent of his unemployment insurance weekly benefit entitlement, in addition to the 32 hours of regular hourly earnings.

## Advantages

Employers save money by lowering their payroll costs while retaining a skilled work force. By valuing employees' contributions, the employer builds trust and good will.

**Employers and workers love it!**

Employees are spared the hardships of full unemployment, realizing more net income than they would if they were fully laid off.

Employers and workers alike have lauded the program. In a series of annual surveys during and after the Great Recession, more than two-third of participating employers said the program either had or “probably had” helped their businesses survive the recession. And more than 95 percent said they would recommend the program to other businesses.

Washington’s successful Shared-Work Program has gained national attention:

NBC Nightly News aired this story in November 2009 ~

<http://www.msnbc.msn.com/id/21134540/vp/33920188#33920188>.

Employment Security was invited to testify in Congress in the spring of 2010.

Washington’s best practices were the model for new federal laws adopted in 2012.

**Participation in Shared Work**

Washington has one of the most successful Shared-Work Programs in the country. In 2013, 1,500 businesses and 23,000 employees were approved to participate in Shared Work. The program saved more than 15,000 jobs in 2013 and more than \$16.8 million in benefit payouts.

**Time limits eliminated****Additional “plan years” allowed**

There are no longer any limits on the number of years a business can participate in Shared Work.

**Federal government paying most benefit costs through mid-2015**

To encourage all states to create similar programs, the federal government is covering most of the cost of shared-work benefits through June 2015 for states whose programs conform to federal law. Here in Washington, the 2013 state legislature amended Washington’s program to adopt the federal requirements.

As a result, the federal government will reimburse Washington for most of the shared-work benefits paid to participating workers, which could reduce a shared-work employer’s future tax rates. From October 2012 through September 2013, the reimbursement rate was 94.9 percent; and for October 2013 through September 2014, the reimbursement is 92.8 percent. (The reimbursement rate was reduced from 100 percent due to the federal sequester.)

Reimbursable employers (e.g., government agencies, non-profit organizations and tribes) will be billed directly for only the amount not reimbursed by the federal government, rather than the usual 100 percent.

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